



State of Wisconsin  
2013 - 2014 LEGISLATURE



LRB-3418/P2  
GMM&MES:kjf:rs

23

IN 12/14

5000

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

see affd ✓

Repealed

1 AN ACT *to repeal* 39.41 (1m) (a) 2., 39.41 (1m) (a) 3., 39.41 (1m) (a) 4., 39.41 (1m)  
2 (a) 6., 39.41 (1m) (h) and 39.41 (1m) (i); *to renumber and amend* 39.41 (1m)  
3 (d) and 39.41 (1m) (e); *to amend* 39.41 (1m) (a) 1., 39.41 (1m) (a) 5., 39.41 (1m)  
4 (b), 39.41 (1m) (c) 1., 39.41 (1m) (c) 2., 39.41 (1m) (c) 3., 39.41 (1m) (c) 4., 39.41  
5 (1m) (f), 39.41 (1m) (fm), 39.41 (1m) (g), 39.41 (1m) (j), 39.41 (2) (a), 39.41 (2) (b),  
6 39.41 (2) (c), 39.41 (3) (a) and 39.41 (3) (b); and *to create* 39.41 (3m), 71.07 (5p)  
7 and 71.10 (4) (cs) of the statutes; **relating to:** the amount of an academic  
8 excellence higher education scholarship, the number of those scholarships that  
9 may be awarded in an academic year, the eligibility criteria for those  
10 scholarships, creating an individual income tax credit for certain academic  
11 scholarship recipients, and making an appropriation.

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***Analysis by the Legislative Reference Bureau***

Under current law, the Higher Educational Aids Board (HEAB) administers the Academic Excellence Higher Education Scholarship Program under which HEAB awards scholarships to certain scholars, designated on the basis of grade point average, who enroll, on a full-time basis, in a public or private institution of

higher education in this state. Under the program, an academic excellence higher education scholarship recipient is exempt from up to \$2,250 in tuition and fees for each academic year that the recipient is enrolled full time, maintains at least a 3.000 grade point average, and makes satisfactory progress toward an associate or a bachelor's degree or a vocational diploma.

Currently, those scholarships may be awarded: 1) to the senior with the highest grade point average from each high school in this state enrolling at least 80 but fewer than 500 pupils; 2) to the two seniors with the two highest grade point averages from each high school in this state enrolling at least 500 but fewer than 1,000 pupils; 3) to the three seniors with the three highest grade point averages from each high school in this state enrolling at least 1,000 but fewer than 1,500 pupils; 4) to the four seniors with the four highest grade point averages from each high school in this state enrolling at least 1,500 but fewer than 2,000 pupils; 5) to the five seniors with the five highest grade point averages from each high school in this state enrolling at least 2,000 but fewer than 2,500 pupils; and 6) to the six seniors with the six highest grade point averages from each high school in this state enrolling 2,500 or more pupils. In addition, those scholarships may be awarded to the senior with the highest grade point average from the school operated by the Wisconsin Center for the Blind and Visually Impaired (WCBVI) and the school operated by the Wisconsin Educational Services Program for the Deaf and Hard of Hearing (WESPDHH) and not more than ten scholarships statewide may be awarded to seniors with the highest grade point averages from high schools enrolling fewer than 80 pupils.

This bill increases the amount of an academic excellence higher education scholarship for a scholarship recipient attending a public institution of higher education to 67 percent of the tuition and fees at that institution and increases the amount of such a scholarship for a scholarship recipient attending a private institution of higher education to 67 percent of the tuition and fees charged a resident undergraduate student at the University of Wisconsin-Madison (UW-Madison).

The bill also creates a nonrefundable individual income tax credit for a scholarship recipient who graduates from an institution within the University of Wisconsin System, a technical college district school, or a private institution of higher education with a bachelor's degree, an associate degree, or vocational diploma and who resides and works in this state.

The amount for which an individual may claim a credit, which is defined as an "eligible amount," is an amount equal to 33 percent of all tuition and fees charged one full-time student by the institution or school attended by the scholarship recipient for the years in which the scholarship recipient received an academic excellence higher education scholarship or, in the case of a scholarship recipient who attended a private institution of higher education, an amount equal to 33 percent of the tuition and fees charged one full-time resident undergraduate student at UW-Madison for the years in which the scholarship recipient received an academic excellence higher education scholarship.

The credit may be claimed only for the five taxable years following the claimant's graduation, and the claimant may claim only one-fifth of the eligible amount each year. To claim the credit, a claimant must be a full-year resident of this

The bill, however, does not apply those grade point average and ~~ACT~~ test score requirements to a pupil of a school operated by the WCBVI or the WESPDHH. ← WESPDHH  
state for the year to which the claim relates, and the majority of the wages earned by the claimant in the year to which the claim relates must have been earned in this state.

Because the credit is nonrefundable, no refund is paid if the amount of credit for which a claimant is eligible exceeds his or her tax liability.

In addition, the bill reduces the number of academic excellence higher education scholarships that may be awarded in an academic year to one scholarship for each high school with an enrollment of at least 500 pupils but less than 1,500 pupils, to two scholarships for each high school with an enrollment of 1,500 or more pupils, and to not more than 70 scholarships statewide for high schools with enrollments of less than 500 pupils. The bill, however, does not affect the scholarships for schools operated by the WCBVI or the WESPDHH.

Finally, the bill requires a pupil to have a grade point average of at least 3.500 and a score of at least 30 on the American college test (commonly referred to as the "ACT test") in order to qualify for an academic excellence higher education scholarship.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

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*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

1           SECTION 1. 39.41 (1m) (a) 1. of the statutes is amended to read:

2           39.41 (1m) (a) 1. For each high school with an enrollment of at least 80 500  
3           pupils but less than 500 1,500 pupils, designate the senior with the highest grade  
4           point average in all subjects, but not less than 3.500 or the equivalent, and with a  
5           score of at least 30 on the American college test as a scholar. If the senior with the  
6           highest grade point average in all subjects does not have a score of at least 30 on the  
7           American college test, the school board or governing body shall designate the senior  
8           with the next highest grade point average in all subjects, but not less than 3.500 or  
9           the equivalent, and with a score of at least 30 on the American college test as a  
10          scholar.

11          SECTION 2. 39.41 (1m) (a) 2. of the statutes is repealed.

12          SECTION 3. 39.41 (1m) (a) 3. of the statutes is repealed.

1       **SECTION 4.** 39.41 (1m) (a) 4. of the statutes is repealed.

2       **SECTION 5.** 39.41 (1m) (a) 5. of the statutes is amended to read:

3       **39.41 (1m)** (a) 5. For each high school with an enrollment of 2,000 1,500 or more  
4       pupils, designate the 5- 2 seniors with the 5- 2 highest grade point averages in all  
5       subjects, but not less than 3.500 or the equivalent, and with scores of at least 30 on  
6       the American college test as scholars. If any of the seniors with the highest grade  
7       point average in all subjects does not have a score of at least 30 on the American  
8       college test, the school board or governing body shall designate the senior with the  
9       next highest grade point average in all subjects, but not less than 3.500 or the  
10       equivalent, and with a score of at least 30 on the American college test as a scholar.

11       **SECTION 6.** 39.41 (1m) (a) 6. of the statutes is repealed.

12       **SECTION 7.** 39.41 (1m) (b) of the statutes is amended to read:

13       **39.41 (1m)** (b) Subject to par. (e), by February 25 of each school year, the school  
14       board of each school district operating one or more high schools and the governing  
15       body of each private high school and of each tribal high school may, for each high  
16       school with an enrollment of less than 80 500 pupils, nominate the senior with the  
17       highest grade point average in all subjects, but not less than 3.500 or the equivalent,  
18       and with a score of not less than 30 on the American college test who may be  
19       designated as a scholar by the executive secretary under par. (c) 3. If the senior with  
20       the highest grade point average in all subjects does not have a score of at least 30 on  
21       the American college test, the school board or governing body shall nominate the  
22       senior with the next highest grade point average in all subjects, but not less than  
23       3.500 or the equivalent, and with a score of at least 30 on the American college test  
24       for designation as a scholar.

25       ~~**SECTION 8.** 39.41 (1m) (e) 1 of the statutes is amended to read:~~

~~39.41 (1m) (c) 1. Subject to par. (f), for the school operated by the Wisconsin Center for the Blind and Visually Impaired, designate the senior with the highest grade point average in all subjects, but not less than 3.500 or the equivalent, and with a score of not less than 30 on the American college test as a scholar. If the senior with the highest grade point average in all subjects does not have a score of at least 30 on the American college test, the executive secretary shall designate the senior with the next highest grade point average in all subjects, but not less than 3.500 or the equivalent, and with a score of at least 30 on the American college test as a scholar.~~

**SECTION 9.** 39.41 (1m) (c) 2. of the statutes is amended to read:

~~39.41 (1m) (c) 2. Subject to par. (fm), for the school operated by the Wisconsin Educational Services Program for the Deaf and Hard of Hearing, designate the senior with the highest grade point average in all subjects, but not less than 3.500 or the equivalent, and with a score of not less than 30 on the American college test as a scholar. If the senior with the highest grade point average in all subjects does not have a score of at least 30 on the American college test, the executive secretary shall designate the senior with the next highest grade point average in all subjects, but not less than 3.500 or the equivalent, and with a score of at least 30 on the American college test as a scholar.~~

**SECTION 10.** 39.41 (1m) (c) 3. of the statutes is amended to read:

39.41 (1m) (c) 3. Designate not more than ~~40~~ 70 seniors nominated under par. (b) as scholars.

**SECTION 11.** 39.41 (1m) (c) 4. of the statutes is amended to read:

39.41 (1m) (c) 4. For each public, private, or tribal high school with an enrollment of at least ~~80~~ 500 pupils, notify the school board of the school district

operating the public high school or the governing body of the private or tribal high school of the number of scholars to be designated under par. (a).

**SECTION 12.** 39.41 (1m) (d) of the statutes is renumbered 39.41 (1m) (d) 1. and amended to read:

39.41 (1m) (d) 1. By February 25 of each school year, if 2 or more seniors from the same high school of at least ~~80~~ 500 pupils have the same grade point average and, except for the limitation on the number of designated scholars, are otherwise eligible for designation under par. (a), the faculty of the high school shall select the applicable number of seniors for designation under par. (a) as scholars and shall certify, in order of priority, any remaining seniors with the same grade point average and with scores of at least 30 on the American college test as alternates for the scholars or, if there is no remaining senior with the same grade point average and with a score of at least 30 on the American college test, any remaining seniors with the next highest grade point average, but not less than ~~3.800~~ 3.500 or the equivalent, and with scores of at least 30 on the American college test as alternates for the scholars.

2. If a senior ~~from that high school~~ designated as a scholar under par. (a) does not qualify for a higher education scholarship under sub. (2) (a) or (3) (a), an alternate ~~for the scholar from the scholar's high school~~ with the same grade point average as any senior from that high school designated as a scholar under par. (a) and with a score of at least 30 on the American college test shall be eligible for a higher education scholarship as a scholar under sub. (2) (a) or (3) (a) until the scholarship may be awarded by the board. If an alternate with the same grade point average as a scholar under par. (a) and with a score of at least 30 on the American college test does not qualify for a higher education scholarship under sub. (2) (a) or (3) (a), an alternate with the next highest grade point average, but not less than ~~3.800~~ 3.500 or the

1 equivalent, and with a score of at least 30 on the American college test shall be  
2 eligible for a higher education scholarship as a scholar under sub. (2) (a) or (3) (a)  
3 until the scholarship may be awarded by the board.

4 **SECTION 13.** 39.41 (1m) (e) of the statutes is renumbered 39.41 (1m) (e) 1. and  
5 amended to read:

6 39.41 (1m) (e) 1. If 2 or more seniors from the same high school of less than 80  
7 500 pupils have the same grade point average and, except for the limitation of one  
8 nominated senior, are otherwise eligible for nomination under par. (b), the faculty of  
9 the high school shall select the senior who may be nominated by the school board of  
10 the school district operating the public high school or the governing body of the  
11 private or tribal high school for designation under par. ~~(b)~~ (c) 4. as a scholar by the  
12 executive secretary.

13 2. If ~~that~~ a senior is designated as a scholar by the executive secretary, ~~but~~  
14 under par. (c) 4. does not qualify for a higher education scholarship under sub. (2) (a)  
15 or (3) (a), the faculty of the high school shall select, in order of priority, one or more  
16 of the remaining seniors with the same grade point average and with a score of at  
17 least 30 on the American college test for certification as a scholar or, if there is no  
18 remaining senior with the same grade point average and with a score of at least 30  
19 on the American college test, one or more of the remaining seniors with the next  
20 highest grade point average, but not less than ~~3.800~~ 3.500 or the equivalent, and with  
21 a score of at least 30 on the American college test for certification as a scholar, and  
22 the school board of the school district operating the high school or the governing body  
23 of the private or tribal high school shall certify to the board one or more of these  
24 seniors as eligible for a higher education scholarship as a scholar under sub. (2) (a)  
25 or (3) (a) until the scholarship may be awarded by the board.

1       **SECTION 14.** 39.41 (1m) (f) of the statutes is amended to read:

2       39.41 (1m) (f) If 2 or more seniors from the school operated by the Wisconsin  
3       Center for the Blind and Visually Impaired have the same grade point average and,  
4       except for the limitation of one designated senior, are otherwise eligible for  
5       designation under par. (c) 1., the executive secretary shall make the designation  
6       under par. (c) 1. of the senior who may be eligible for a higher education scholarship  
7       as a scholar. If that senior does not qualify for a higher education scholarship under  
8       sub. (2) (a) or (3) (a), the executive secretary shall designate, in order of priority, one  
9       or more of the remaining seniors with the same grade point average and with a score  
10      of not less than 30 on the American college test, or, if there is no remaining senior  
11      with the same grade point average and with a score of not less than 30 on the  
12      American college test, one or more of the remaining seniors with the next highest  
13      grade point average, but not less than ~~3.800~~ 3.500 or the equivalent, and with a score  
14      of not less than 30 on the American college test, as eligible for a higher education  
15      scholarship as a scholar under sub. (2) (a) or (3) (a) until the scholarship may be  
16      awarded by the board.

17      **SECTION 15.** 39.41 (1m) (fm) of the statutes is amended to read:

18      39.41 (1m) (fm) If 2 or more seniors from the school operated by the Wisconsin  
19      Educational Services Program for the Deaf and Hard of Hearing have the same grade  
20      point average and, except for the limitation of one designated senior, are otherwise  
21      eligible for designation under par. (c) 2., the executive secretary shall make the  
22      designation under par. (c) 2. of the senior who may be eligible for a higher education  
23      scholarship as a scholar. If that senior does not qualify for a higher education  
24      scholarship under sub. (2) (a) or (3) (a), the executive secretary shall designate, in  
25      order of priority, one or more of the remaining seniors with the same grade point



1 average ~~and with a score of not less than 30 on the American college test~~, or, if there  
2 is no remaining senior with the same grade point average ~~and with a score of not less~~  
3 ~~than 30 on the American college test~~, one or more of the remaining seniors with the  
4 next highest grade point average, but not less than ~~3.300~~ 3.500 or the equivalent, ~~and~~  
5 ~~with a score of not less than 30 on the American college test~~ as eligible for a higher  
6 education scholarship as a scholar under sub. (2) (a) or (3) (a) until the scholarship  
7 may be awarded by the board.

8 **SECTION 16.** 39.41 (1m) (g) of the statutes is amended to read:

9 39.41 (1m) (g) Notwithstanding par. (a), if a high school of at least 80 500 pupils  
10 closes or merges in the 1991-92 school year or in any school year thereafter, the  
11 school board of the school district operating the high school or the governing body of  
12 the private or tribal high school shall, subject to par. (d), for each of the 2 school years  
13 following the closure or merger, designate the same number of scholars from among  
14 the pupils enrolled in the high school at the time of closure or merger as the number  
15 of scholars designated for that high school in the school year the high school closed  
16 or merged. Any seniors designated under this paragraph shall be eligible for an  
17 original scholarship under this section.

18 **SECTION 17.** 39.41 (1m) (h) of the statutes is repealed.

19 **SECTION 18.** 39.41 (1m) (i) of the statutes is repealed.

20 **SECTION 19.** 39.41 (1m) (j) of the statutes is amended to read:

21 39.41 (1m) (j) ~~In the event that~~ If 2 or more seniors from the same high school  
22 of at least 80 500 pupils have the same grade point average and are otherwise eligible  
23 for designation under par. (a), the school board of the school district operating the  
24 high school or the governing body of the private or tribal high school shall make the  
25 designation of the faculty of the high school for purposes of par. (d) ~~or (i)~~.

1           **SECTION 20.** 39.41 (2) (a) of the statutes is amended to read:

2           39.41 (2) (a) If a designated scholar under sub. (1m) is admitted to and enrolls,  
3           on a full-time basis, by September 30 of the academic year immediately following the  
4           school year in which the senior was designated a scholar, in an institution within the  
5           University of Wisconsin System or in a technical college district school that is  
6           participating in the program under this section, the scholar shall receive a higher  
7           education scholarship that exempts the scholar from 67 percent of all tuition and  
8           fees, including segregated fees, at the institution or district school for one year,  
9           ~~except that the maximum scholarship for a scholar who receives an original~~  
10          ~~scholarship for the 1996-97 academic year or for any academic year thereafter may~~  
11          ~~not exceed \$2,250 per academic year.~~

12          **SECTION 21.** 39.41 (2) (b) of the statutes is amended to read:

13          39.41 (2) (b) For each year that a scholar who receives a scholarship under par.  
14          (a) is enrolled full time, maintains at least a 3.000 grade point average, or the  
15          equivalent as determined by the institution or district school, and makes satisfactory  
16          progress toward an associate degree, a bachelor's degree, or a vocational diploma, the  
17          ~~student~~ scholar shall be exempt from 67 percent of all tuition and fees, including  
18          segregated fees, in the subsequent year or, if the scholar does not enroll in a  
19          participating institution of higher education in the subsequent year, in the 2nd year  
20          following the year in which the scholar received the scholarship, ~~except that the~~  
21          ~~maximum scholarship for a scholar who receives an original scholarship for the~~  
22          ~~1996-97 academic year or for any academic year thereafter may not exceed \$2,250~~  
23          ~~per academic year.~~ No scholar is eligible for an exemption for more than 4 years in  
24          the University of Wisconsin System or more than 3 years at a district school.

25          **SECTION 22.** 39.41 (2) (c) of the statutes is amended to read:

1           39.41 (2) (c) Subject to sub. (4), for each year ~~the student~~ that a scholar is  
2 exempt from tuition and fees under par. (a) or (b), the board shall pay the institution  
3 or district school, on behalf of the ~~student~~ scholar, an amount equal to ~~50%~~ 33 percent  
4 of the ~~student's~~ scholar's tuition and fees, ~~except that the maximum payment for a~~  
5 ~~student who receives an original scholarship for the 1996-97 academic year or for~~  
6 ~~any academic year thereafter may not exceed \$1,125 per academic year.~~

7           **SECTION 23.** 39.41 (3) (a) of the statutes is amended to read:

8           39.41 (3) (a) If a designated scholar under sub. (1m) is admitted to and enrolls,  
9 on a full-time basis, by September 30 of the academic year immediately following the  
10 school year in which the senior was designated a scholar, in a private institution of  
11 higher education that is located in this state and participating in the program under  
12 this section, the board shall pay the institution, on behalf of the ~~pupil~~ scholar, an  
13 amount equal to ~~50%~~ 33 percent of the tuition and fees charged a resident  
14 undergraduate at the University of Wisconsin-Madison in the same academic year,  
15 ~~except that the maximum payment for a pupil who receives an original scholarship~~  
16 ~~for the 1996-97 academic year or for any academic year thereafter may not exceed~~  
17 ~~\$1,125 per academic year.~~

18           **SECTION 24.** 39.41 (3) (b) of the statutes is amended to read:

19           39.41 (3) (b) For each year that a scholar who receives a scholarship under par.  
20 (a) is enrolled full time, maintains at least a 3.000 grade point average, or the  
21 equivalent as determined by the private institution, and makes satisfactory progress  
22 toward a bachelor's degree, the ~~student~~ scholar is eligible for a higher education  
23 scholarship as determined under par. (a) in the subsequent year or, if the scholar does  
24 not enroll in a participating institution of higher education in the subsequent year,  
25 in the 2nd year following the year in which the scholar received the scholarship. No

1 scholar is eligible for a higher education scholarship for more than 4 years at a  
2 private institution of higher education.

3 **SECTION 25.** 39.41 (3m) of the statutes is created to read:

4 39.41 (3m) (a) In addition to receiving a scholarship under sub. (2), if the  
5 scholar graduates from an institution within the University of Wisconsin System or  
6 a technical college district school with a bachelor's degree, an associate degree, or  
7 vocational diploma, the scholar may claim the credit under s. 71.07 (5p).

8 (b) In addition to receiving a scholarship under sub. (3), if the scholar graduates  
9 from a private institution of higher education located in this state with a bachelor's  
10 degree, an associate degree, or vocational diploma, the scholar may claim the credit  
11 under s. 71.07 (5p).

12 **SECTION 26.** 71.07 (5p) of the statutes is created to read:

13 71.07 (5p) **ACADEMIC SCHOLARSHIP TAX CREDIT.** (a) *Definitions.* In this  
14 subsection:

15 1. "Claimant" means an individual who files a claim under this subsection, who  
16 has received a scholarship under s. 39.41 (2) or (3), and who has graduated from the  
17 institution or school with regard to which he or she received the scholarship, as  
18 described in s. 39.41 (3m) (a) or (b).

19 2. "Eligible amount" means 33 percent of all tuition and fees, including  
20 segregated fees, that would have been charged to a single full-time student by the  
21 institution or school attended by an individual who received a higher education  
22 scholarship under s. 39.41 (2) for the years in which the individual received the  
23 scholarship under that subsection, or 33 percent of all tuition and fees charged a  
24 single full-time resident undergraduate at the University of Wisconsin-Madison for  
25 the years in which an individual who received a scholarship under s. 39.41 (3)

1 attended a private institution of higher education located in this state for the years  
2 in which the individual received the scholarship under that subsection.

3 (b) *Filing claims.* Subject to the conditions and limitations provided in this  
4 subsection, a claimant may claim as a credit against the tax imposed under s. 71.02,  
5 up to the amount of those taxes, one-fifth of an eligible amount in the taxable year  
6 which immediately follows the year in which the individual graduates, as described  
7 in s. 39.41 (3m) (a) or (b), and an additional one-fifth of an eligible amount in each  
8 of the next 4 successive taxable years.

9 (c) *Conditions and limitations.* 1. No individual may file a claim under this  
10 subsection unless he or she submits to the department with his or her tax return, on  
11 a form prepared by the department, information regarding the calculation of that  
12 individual's eligible amount.

13 2. No individual may file a claim under this subsection unless he or she was a  
14 full-year resident of this state in the year to which the claim relates, and the majority  
15 of the wages he or she earned during the year to which the claim relates were earned  
16 in this state.

17 3. No credit may be allowed under this subsection unless it is claimed within  
18 the period specified under s. 71.75 (2).

19 4. No individual may file a claim under this subsection for any taxable year  
20 other than the taxable year that begins immediately after the taxable year in which  
21 the claimant graduates from the institution or school with regard to which he or she  
22 received the scholarship, as described in s. 39.41 (3m) (a) or (b), and the next 4  
23 successive taxable years.

24 (d) *Administration.* Subsection (5m) (d), as it applies to the credit under that  
25 subsection, applies to the credit under this subsection.

**SECTION 27.** 71.10 (4) (cs) of the statutes is created to read:

**71.10 (4) (cs) Academic scholarship tax credit under s. 71.07 (5p).**

**SECTION 28. Initial applicability.**

(1) ACADEMIC EXCELLENCE HIGHER EDUCATION SCHOLARSHIPS. The treatment of section 39.41 (1m) (a) 1., 2., 3., 4., 5., and 6., (b), (c) ~~1., 2., 3., and 4.~~ and 4., (d), (e), ~~(f), (g), (h), (i), and (j).~~ (g), (h), (i), and (j), (2) (a), (b), and (c), (3) (a) and (b), and (3m) of the statutes first applies to students who enroll in an institution within the University of Wisconsin System, a technical college district school, or a private institution of higher education in the 2015–16 academic year.

(2) **ACADEMIC SCHOLARSHIP TAX CREDIT.** The treatment of section 71.07 (5p) first applies to taxable years beginning after December 31, 2016.

**(END)**

## Malaise, Gordon

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**From:** Soper, John  
**Sent:** Thursday, December 19, 2013 9:30 AM  
**To:** Malaise, Gordon; Shovers, Marc  
**Subject:** LRB 3418 P4 drafting instructions

Gordon & Marc

Rep. Stroebel has two changes he would like to make for a P4 draft.

First, he wants to alter the cutoff of when a school gets 1 scholarship versus being put into the pool of 70 at large. The bill is currently drafted where this cutoff is 500. Rep. Stroebel would like to change this to 300, so the categories would now look like:

<300 = pool of 70  
300-1499 = 1  
1500+ = 2

Second, Rep. Stroebel would like to change the split of the award from its current 2/3 scholarship and 1/3 tax credit to 50/50.

Please contact me if you have any questions. Thank you.

John Soper  
Research Assistant  
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608-267-2370



State of Wisconsin  
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IN 12/19  
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PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

Regen

1 AN ACT *to repeal* 39.41 (1m) (a) 2., 39.41 (1m) (a) 3., 39.41 (1m) (a) 4., 39.41 (1m)  
2 (a) 6., 39.41 (1m) (h) and 39.41 (1m) (i); *to renumber and amend* 39.41 (1m)  
3 (d) and 39.41 (1m) (e); *to amend* 39.41 (1m) (a) 1., 39.41 (1m) (a) 5., 39.41 (1m)  
4 (b), 39.41 (1m) (c) 3., 39.41 (1m) (c) 4., 39.41 (1m) (g), 39.41 (1m) (j), 39.41 (2) (a),  
5 39.41 (2) (b), 39.41 (2) (c), 39.41 (3) (a) and 39.41 (3) (b); and *to create* 39.41  
6 (3m), 71.07 (5p) and 71.10 (4) (cs) of the statutes; **relating to:** the amount of  
7 an academic excellence higher education scholarship, the number of those  
8 scholarships that may be awarded in an academic year, the eligibility criteria  
9 for those scholarships, creating an individual income tax credit for certain  
10 academic scholarship recipients, and making an appropriation.

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***Analysis by the Legislative Reference Bureau***

Under current law, the Higher Educational Aids Board (HEAB) administers the Academic Excellence Higher Education Scholarship Program under which HEAB awards scholarships to certain scholars, designated on the basis of grade point average, who enroll, on a full-time basis, in a public or private institution of higher education in this state. Under the program, an academic excellence higher education scholarship recipient is exempt from up to \$2,250 in tuition and fees for



each academic year that the recipient is enrolled full time, maintains at least a 3.000 grade point average, and makes satisfactory progress toward an associate or a bachelor's degree or a vocational diploma.

Currently, those scholarships may be awarded: 1) to the senior with the highest grade point average from each high school in this state enrolling at least 80 but fewer than 500 pupils; 2) to the two seniors with the two highest grade point averages from each high school in this state enrolling at least 500 but fewer than 1,000 pupils; 3) to the three seniors with the three highest grade point averages from each high school in this state enrolling at least 1,000 but fewer than 1,500 pupils; 4) to the four seniors with the four highest grade point averages from each high school in this state enrolling at least 1,500 but fewer than 2,000 pupils; 5) to the five seniors with the five highest grade point averages from each high school in this state enrolling at least 2,000 but fewer than 2,500 pupils; and 6) to the six seniors with the six highest grade point averages from each high school in this state enrolling 2,500 or more pupils. In addition, those scholarships may be awarded to the senior with the highest grade point average from the school operated by the Wisconsin Center for the Blind and Visually Impaired (WCBVI) and the school operated by the Wisconsin Educational Services Program for the Deaf and Hard of Hearing (WESPDHH) and not more than ten scholarships statewide may be awarded to seniors with the highest grade point averages from high schools enrolling fewer than 80 pupils.

50 This bill increases the amount of an academic excellence higher education scholarship for a scholarship recipient attending a public institution of higher education to ~~67~~ percent of the tuition and fees at that institution and increases the amount of such a scholarship for a scholarship recipient attending a private institution of higher education to ~~67~~ percent of the tuition and fees charged a resident undergraduate student at the University of Wisconsin-Madison (UW-Madison).

The bill also creates a nonrefundable individual income tax credit for a scholarship recipient who graduates from an institution within the University of Wisconsin System, a technical college district school, or a private institution of higher education with a bachelor's degree, an associate degree, or vocational diploma and who resides and works in this state. 50 50

The amount for which an individual may claim a credit, which is defined as an "eligible amount," is an amount equal to ~~33~~ percent of all tuition and fees charged one full-time student by the institution or school attended by the scholarship recipient for the years in which the scholarship recipient received an academic excellence higher education scholarship or, in the case of a scholarship recipient who attended a private institution of higher education, an amount equal to ~~33~~ percent of the tuition and fees charged one full-time resident undergraduate student at UW-Madison for the years in which the scholarship recipient received an academic excellence higher education scholarship.

The credit may be claimed only for the five taxable years following the claimant's graduation, and the claimant may claim only one-fifth of the eligible amount each year. To claim the credit, a claimant must be a full-year resident of this state for the year to which the claim relates, and the majority of the wages earned

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300  
by the claimant in the year to which the claim relates must have been earned in this state.

Because the credit is nonrefundable, no refund is paid if the amount of credit for which a claimant is eligible exceeds his or her tax liability.

In addition, the bill reduces the number of academic excellence higher education scholarships that may be awarded in an academic year to one scholarship for each high school with an enrollment of at least ~~500~~ pupils but less than 1,500 pupils, to two scholarships for each high school with an enrollment of 1,500 or more pupils, and to not more than 70 scholarships statewide for high schools with enrollments of less than ~~500~~ pupils. The bill, however, does not affect the scholarships for schools operated by the WCBVI or the WESPDHH.

Finally, the bill requires a pupil to have a grade point average of at least 3.500 and a score of at least 30 on the American college test (commonly referred to as the "ACT test") in order to qualify for an academic excellence higher education scholarship. The bill, however, does not apply those grade point average and ACT test score requirements to a pupil of a school operated by the WCBVI or the WESPDHH.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

---

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

1           SECTION 1. 39.41 (1m) (a) 1. of the statutes is amended to read:

300

2           39.41 (1m) (a) 1. For each high school with an enrollment of at least 80 ~~500~~ pupils but less than ~~500~~ 1,500 pupils, designate the senior with the highest grade  
3           point average in all subjects, but not less than 3.500 or the equivalent, and with a  
4           score of at least 30 on the American college test as a scholar. If the senior with the  
5           highest grade point average in all subjects does not have a score of at least 30 on the  
6           American college test, the school board or governing body shall designate the senior  
7           with the next highest grade point average in all subjects, but not less than 3.500 or  
8           the equivalent, and with a score of at least 30 on the American college test as a  
9           scholar.  
10

11           SECTION 2. 39.41 (1m) (a) 2. of the statutes is repealed.

12           SECTION 3. 39.41 (1m) (a) 3. of the statutes is repealed.

SECTION 4. 39.41 (1m) (a) 4. of the statutes is repealed.

SECTION 5. 39.41 (1m) (a) 5. of the statutes is amended to read:

39.41 (1m) (a) 5. For each high school with an enrollment of 2,000 1,500 or more pupils, designate the ~~5~~ 2 seniors with the ~~5~~ 2 highest grade point averages in all subjects, but not less than 3.500 or the equivalent, and with scores of at least 30 on the American college test as scholars. If any of the seniors with the highest grade point average in all subjects does not have a score of at least 30 on the American college test, the school board or governing body shall designate the senior with the next highest grade point average in all subjects, but not less than 3.500 or the equivalent, and with a score of at least 30 on the American college test as a scholar.

SECTION 6. 39.41 (1m) (a) 6. of the statutes is repealed.

SECTION 7. 39.41 (1m) (b) of the statutes is amended to read:

39.41 (1m) (b) Subject to par. (e), by February 25 of each school year, the school board of each school district operating one or more high schools and the governing body of each private high school and of each tribal high school may, for each high school with an enrollment of less than 80 ~~500~~ 300 pupils, nominate the senior with the highest grade point average in all subjects, but not less than 3.500 or the equivalent, and with a score of not less than 30 on the American college test who may be designated as a scholar by the executive secretary under par. (c) 3. If the senior with the highest grade point average in all subjects does not have a score of at least 30 on the American college test, the school board or governing body shall nominate the senior with the next highest grade point average in all subjects, but not less than 3.500 or the equivalent, and with a score of at least 30 on the American college test for designation as a scholar.

SECTION 8. 39.41 (1m) (c) 3. of the statutes is amended to read:

1 39.41 (1m) (c) 3. Designate not more than ~~10~~ 70 seniors nominated under par.  
2 (b) as scholars.

3 SECTION 9. 39.41 (1m) (c) 4. of the statutes is amended to read: ✓

4 39.41 (1m) (c) 4. For each public, private, or tribal high school with an  
5 enrollment of at least ~~80~~ 500 pupils, notify the school board of the school district  
6 operating the public high school or the governing body of the private or tribal high  
7 school of the number of scholars to be designated under par. (a).

8 SECTION 10. 39.41 (1m) (d) of the statutes is renumbered 39.41 (1m) (d) 1. and  
9 amended to read:

10 39.41 (1m) (d) 1. By February 25 of each school year, if 2 or more seniors from  
11 the same high school of at least ~~80~~ 500 pupils have the same grade point average and,  
12 except for the limitation on the number of designated scholars, are otherwise eligible  
13 for designation under par. (a), the faculty of the high school shall select the applicable  
14 number of seniors for designation under par. (a) as scholars and shall certify, in order  
15 of priority, any remaining seniors with the same grade point average and with scores  
16 of at least 30 on the American college test as alternates for the scholars or, if there  
17 is no remaining senior with the same grade point average and with a score of at least  
18 30 on the American college test, any remaining seniors with the next highest grade  
19 point average, but not less than ~~3.800~~ 3.500 or the equivalent, and with scores of at  
20 least 30 on the American college test as alternates for the scholars.

21 2. If a senior ~~from that high school~~ designated as a scholar under par. (a) does  
22 not qualify for a higher education scholarship under sub. (2) (a) or (3) (a), an alternate  
23 ~~for the scholar from the scholar's high school~~ with the same grade point average as  
24 any senior from that high school designated as a scholar under par. (a) and with a  
25 score of at least 30 on the American college test shall be eligible for a higher education

1 scholarship as a scholar under sub. (2) (a) or (3) (a) until the scholarship may be  
2 awarded by the board. If an alternate with the same grade point average as a scholar  
3 under par. (a) and with a score of at least 30 on the American college test does not  
4 qualify for a higher education scholarship under sub. (2) (a) or (3) (a), an alternate  
5 with the next highest grade point average, but not less than ~~3.800~~ 3.500 or the  
6 equivalent, and with a score of at least 30 on the American college test shall be  
7 eligible for a higher education scholarship as a scholar under sub. (2) (a) or (3) (a)  
8 until the scholarship may be awarded by the board.

9 SECTION 11. 39.41 (1m) (e) of the statutes is renumbered 39.41 (1m) (e) 1. and  
10 amended to read: 300

11 39.41 (1m) (e) 1. If 2 or more seniors from the same high school of less than 80  
12 ~~500~~ pupils have the same grade point average and, except for the limitation of one  
13 nominated senior, are otherwise eligible for nomination under par. (b), the faculty of  
14 the high school shall select the senior who may be nominated by the school board of  
15 the school district operating the public high school or the governing body of the  
16 private or tribal high school for designation under par. ~~(b)~~ (c) 4. as a scholar by the  
17 executive secretary.

18 2. If ~~that a~~ senior is designated as a scholar by the executive secretary, ~~but~~  
19 under par. (c) 4. does not qualify for a higher education scholarship under sub. (2) (a)  
20 or (3) (a), the faculty of the high school shall select, in order of priority, one or more  
21 of the remaining seniors with the same grade point average and with a score of at  
22 least 30 on the American college test for certification as a scholar or, if there is no  
23 remaining senior with the same grade point average and with a score of at least 30  
24 on the American college test, one or more of the remaining seniors with the next  
25 highest grade point average, but not less than ~~3.800~~ 3.500 or the equivalent, and with

1 a score of at least 30 on the American college test for certification as a scholar, and  
2 the school board of the school district operating the high school or the governing body  
3 of the private or tribal high school shall certify to the board one or more of these  
4 seniors as eligible for a higher education scholarship as a scholar under sub. (2) (a)  
5 or (3) (a) until the scholarship may be awarded by the board.

6 **SECTION 12.** 39.41 (1m) (g) of the statutes is amended to read: ✓

7 **39.41 (1m) (g)** Notwithstanding par. (a), if a high school of at least 300 pupils  
8 closes or merges in the 1991-92 school year or in any school year thereafter, the  
9 school board of the school district operating the high school or the governing body of  
10 the private or tribal high school shall, subject to par. (d), for each of the 2 school years  
11 following the closure or merger, designate the same number of scholars from among  
12 the pupils enrolled in the high school at the time of closure or merger as the number  
13 of scholars designated for that high school in the school year the high school closed  
14 or merged. Any seniors designated under this paragraph shall be eligible for an  
15 original scholarship under this section. 300

16 **SECTION 13.** 39.41 (1m) (h) of the statutes is repealed. ✓

17 **SECTION 14.** 39.41 (1m) (i) of the statutes is repealed. ✓

18 **SECTION 15.** 39.41 (1m) (j) of the statutes is amended to read: ✓

19 **39.41 (1m) (j)** ~~In the event that~~ If 2 or more seniors from the same high school  
20 of at least 300 pupils have the same grade point average and are otherwise eligible  
21 for designation under par. (a), the school board of the school district operating the  
22 high school or the governing body of the private or tribal high school shall make the  
23 designation of the faculty of the high school for purposes of par. (d) ~~or (i)~~.

24 **SECTION 16.** 39.41 (2) (a) of the statutes is amended to read:

39.41 (2) (a) If a designated scholar under sub. (1m) is admitted to and enrolls, on a full-time basis, by September 30 of the academic year immediately following the school year in which the senior was designated a scholar, in an institution within the University of Wisconsin System or in a technical college district school that is participating in the program under this section, the scholar shall receive a higher education scholarship that exempts the scholar from 50 percent of all tuition and fees, including segregated fees, at the institution or district school for one year, ~~except that the maximum scholarship for a scholar who receives an original scholarship for the 1996-97 academic year or for any academic year thereafter may not exceed \$2,250 per academic year.~~

SECTION 17. 39.41 (2) (b) of the statutes is amended to read:

39.41 (2) (b) For each year that a scholar who receives a scholarship under par. (a) is enrolled full time, maintains at least a 3.000 grade point average, or the equivalent as determined by the institution or district school, and makes satisfactory progress toward an associate degree, a bachelor's degree, or a vocational diploma, the student scholar shall be exempt from 50 percent of all tuition and fees, including segregated fees, in the subsequent year or, if the scholar does not enroll in a participating institution of higher education in the subsequent year, in the 2nd year following the year in which the scholar received the scholarship, ~~except that the maximum scholarship for a scholar who receives an original scholarship for the 1996-97 academic year or for any academic year thereafter may not exceed \$2,250 per academic year.~~ No scholar is eligible for an exemption for more than 4 years in the University of Wisconsin System or more than 3 years at a district school.

SECTION 18. 39.41 (2) (c) of the statutes is amended to read:

1 39.41 (2) (c) Subject to sub. (4), for each year ~~the student that a scholar~~ is  
2 exempt from tuition and fees under par. (a) or (b), the board shall pay the institution  
3 or district school, on behalf of the ~~student scholar~~, an amount equal to 50% ~~33 percent~~  
4 of the ~~student's scholar's~~ tuition and fees, ~~except that the maximum payment for a~~  
5 ~~student who receives an original scholarship for the 1996-97 academic year or for~~  
6 ~~any academic year thereafter may not exceed \$1,125 per academic year.~~

7 SECTION 19. 39.41 (3) (a) of the statutes is amended to read.

8 39.41 (3) (a) If a designated scholar under sub. (1m) is admitted to and enrolls,  
9 on a full-time basis, by September 30 of the academic year immediately following the  
10 school year in which the senior was designated a scholar, in a private institution of  
11 higher education that is located in this state and participating in the program under  
12 this section, the board shall pay the institution, on behalf of the ~~pupil scholar~~, an  
13 amount equal to 50% ~~33 percent~~ of the tuition and fees charged a resident  
14 undergraduate at the University of Wisconsin-Madison in the same academic year,  
15 except that the maximum payment for a ~~pupil who receives an original scholarship~~  
16 ~~for the 1996-97 academic year or for any academic year thereafter may not exceed~~  
17 ~~\$1,125 per academic year.~~

18 SECTION 20. 39.41 (3) (b) of the statutes is amended to read:

19 39.41 (3) (b) For each year that a scholar who receives a scholarship under par.  
20 (a) is enrolled full time, maintains at least a 3.000 grade point average, or the  
21 equivalent as determined by the private institution, and makes satisfactory progress  
22 toward a bachelor's degree, the ~~student scholar~~ is eligible for a higher education  
23 scholarship as determined under par. (a) in the subsequent year or, if the scholar does  
24 not enroll in a participating institution of higher education in the subsequent year,  
25 in the 2nd year following the year in which the scholar received the scholarship. No



1 scholar is eligible for a higher education scholarship for more than 4 years at a  
2 private institution of higher education.


3 **SECTION 21.** 39.41 (3m) of the statutes is created to read: ✓

4 39.41 (3m) (a) In addition to receiving a scholarship under sub. (2), if the  
5 scholar graduates from an institution within the University of Wisconsin System or  
6 a technical college district school with a bachelor's degree, an associate degree, or  
7 vocational diploma, the scholar may claim the credit under s. 71.07 (5p).

8 (b) In addition to receiving a scholarship under sub. (3), if the scholar graduates  
9 from a private institution of higher education located in this state with a bachelor's  
10 degree, an associate degree, or vocational diploma, the scholar may claim the credit  
11 under s. 71.07 (5p).

12 **SECTION 22.** 71.07 (5p) of the statutes is created to read: ✓

13 71.07 (5p) ACADEMIC SCHOLARSHIP TAX CREDIT. (a) *Definitions.* In this  
14 subsection:

15 1. "Claimant" means an individual who files a claim under this subsection, who  
16 has received a scholarship under s. 39.41 (2) or (3), and who has graduated from the  
17 institution or school with regard to which he or she received the scholarship, as  
18 described in s. 39.41 (3m) (a) or (b). 

19 2. "Eligible amount" means ~~33~~ <sup>50</sup> percent of all tuition and fees, including  
20 segregated fees, that would have been charged to a single full-time student by the  
21 institution or school attended by an individual who received a higher education  
22 scholarship under s. 39.41 (2) for the years in which the individual received the  
23 scholarship under that subsection, or ~~33~~ percent of all tuition and fees charged a  
24 single full-time resident undergraduate at the University of Wisconsin-Madison for  
25 the years in which an individual who received a scholarship under s. 39.41 (3)

1 attended a private institution of higher education located in this state for the years  
2 in which the individual received the scholarship under that subsection.

3 (b) *Filing claims.* Subject to the conditions and limitations provided in this  
4 subsection, a claimant may claim as a credit against the tax imposed under s. 71.02,  
5 up to the amount of those taxes, one-fifth of an eligible amount in the taxable year  
6 which immediately follows the year in which the individual graduates, as described  
7 in s. 39.41 (3m) (a) or (b), and an additional one-fifth of an eligible amount in each  
8 of the next 4 successive taxable years.

9 (c) *Conditions and limitations.* 1. No individual may file a claim under this  
10 subsection unless he or she submits to the department with his or her tax return, on  
11 a form prepared by the department, information regarding the calculation of that  
12 individual's eligible amount.

13 2. No individual may file a claim under this subsection unless he or she was a  
14 full-year resident of this state in the year to which the claim relates, and the majority  
15 of the wages he or she earned during the year to which the claim relates were earned  
16 in this state.

17 3. No credit may be allowed under this subsection unless it is claimed within  
18 the period specified under s. 71.75 (2).

19 4. No individual may file a claim under this subsection for any taxable year  
20 other than the taxable year that begins immediately after the taxable year in which  
21 the claimant graduates from the institution or school with regard to which he or she  
22 received the scholarship, as described in s. 39.41 (3m) (a) or (b), and the next 4  
23 successive taxable years.

24 (d) *Administration.* Subsection (5m) (d), as it applies to the credit under that  
25 subsection, applies to the credit under this subsection.



**SECTION 23.** 71.10 (4) (cs) of the statutes is created to read:

71.10 (4) (cs) Academic scholarship tax credit under s. 71.07 (5p).

**SECTION 24. Initial applicability.**

(1) ACADEMIC EXCELLENCE HIGHER EDUCATION SCHOLARSHIPS. The treatment of section 39.41 (1m) (a) 1., 2., 3., 4., 5., and 6., (b), (c) 3. and 4., (d), (e), (g), (h), (i), and (j), (2) (a), (b), and (c), (3) (a) and (b), and (3m) of the statutes first applies to students who enroll in an institution within the University of Wisconsin System, a technical college district school, or a private institution of higher education in the 2015-16 academic year.

(2) ACADEMIC SCHOLARSHIP TAX CREDIT. The treatment of section 71.07 (5p) first applies to taxable years beginning after December 31, 2016.

(END)

**Malaise, Gordon**

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**From:** Soper, John  
**Sent:** Wednesday, January 08, 2014 1:18 PM  
**To:** Shovers, Marc; Malaise, Gordon  
**Subject:** LRB 3418/P4

Please send our office an introducible version of LRB 3418, specifically the P4 version. Thank you.

John Soper  
Research Assistant  
Office of Rep. Duey Stroebel  
608-267-2370



State of Wisconsin  
2013 - 2014 LEGISLATURE

IN 118

Today - convert to 1,



LRB-3418/P4  
GMM&MES:kjfjm

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RMR

**PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION**

see affd ✓

No changes

Regen

1 **AN ACT to repeal** 39.41 (1m) (a) 2., 39.41 (1m) (a) 3., 39.41 (1m) (a) 4., 39.41 (1m)  
2 (a) 6., 39.41 (1m) (h) and 39.41 (1m) (i); **to renumber and amend** 39.41 (1m)  
3 (d) and 39.41 (1m) (e); **to amend** 39.41 (1m) (a) 1., 39.41 (1m) (a) 5., 39.41 (1m)  
4 (b), 39.41 (1m) (c) 3., 39.41 (1m) (c) 4., 39.41 (1m) (g), 39.41 (1m) (j), 39.41 (2) (a),  
5 39.41 (2) (b), 39.41 (2) (c), 39.41 (3) (a) and 39.41 (3) (b); and **to create** 39.41  
6 (3m), 71.07 (5p) and 71.10 (4) (cs) of the statutes; **relating to:** the amount of  
7 an academic excellence higher education scholarship, the number of those  
8 scholarships that may be awarded in an academic year, the eligibility criteria  
9 for those scholarships, creating an individual income tax credit for certain  
10 academic scholarship recipients, and making an appropriation.

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***Analysis by the Legislative Reference Bureau***

Under current law, the Higher Educational Aids Board (HEAB) administers the Academic Excellence Higher Education Scholarship Program under which HEAB awards scholarships to certain scholars, designated on the basis of grade point average, who enroll, on a full-time basis, in a public or private institution of higher education in this state. Under the program, an academic excellence higher education scholarship recipient is exempt from up to \$2,250 in tuition and fees for

each academic year that the recipient is enrolled full time, maintains at least a 3.000 grade point average, and makes satisfactory progress toward an associate or a bachelor's degree or a vocational diploma.

Currently, those scholarships may be awarded: 1) to the senior with the highest grade point average from each high school in this state enrolling at least 80 but fewer than 500 pupils; 2) to the two seniors with the two highest grade point averages from each high school in this state enrolling at least 500 but fewer than 1,000 pupils; 3) to the three seniors with the three highest grade point averages from each high school in this state enrolling at least 1,000 but fewer than 1,500 pupils; 4) to the four seniors with the four highest grade point averages from each high school in this state enrolling at least 1,500 but fewer than 2,000 pupils; 5) to the five seniors with the five highest grade point averages from each high school in this state enrolling at least 2,000 but fewer than 2,500 pupils; and 6) to the six seniors with the six highest grade point averages from each high school in this state enrolling 2,500 or more pupils. In addition, those scholarships may be awarded to the senior with the highest grade point average from the school operated by the Wisconsin Center for the Blind and Visually Impaired (WCBVI) and the school operated by the Wisconsin Educational Services Program for the Deaf and Hard of Hearing (WESPDHH) and not more than ten scholarships statewide may be awarded to seniors with the highest grade point averages from high schools enrolling fewer than 80 pupils.

This bill increases the amount of an academic excellence higher education scholarship for a scholarship recipient attending a public institution of higher education to 50 percent of the tuition and fees at that institution and increases the amount of such a scholarship for a scholarship recipient attending a private institution of higher education to 50 percent of the tuition and fees charged a resident undergraduate student at the University of Wisconsin-Madison (UW-Madison).

The bill also creates a nonrefundable individual income tax credit for a scholarship recipient who graduates from an institution within the University of Wisconsin System, a technical college district school, or a private institution of higher education with a bachelor's degree, an associate degree, or vocational diploma and who resides and works in this state.

The amount for which an individual may claim a credit, which is defined as an "eligible amount," is an amount equal to 50 percent of all tuition and fees charged one full-time student by the institution or school attended by the scholarship recipient for the years in which the scholarship recipient received an academic excellence higher education scholarship or, in the case of a scholarship recipient who attended a private institution of higher education, an amount equal to 50 percent of the tuition and fees charged one full-time resident undergraduate student at UW-Madison for the years in which the scholarship recipient received an academic excellence higher education scholarship.

The credit may be claimed only for the five taxable years following the claimant's graduation, and the claimant may claim only one-fifth of the eligible amount each year. To claim the credit, a claimant must be a full-year resident of this state for the year to which the claim relates, and the majority of the wages earned

by the claimant in the year to which the claim relates must have been earned in this state.

Because the credit is nonrefundable, no refund is paid if the amount of credit for which a claimant is eligible exceeds his or her tax liability.

In addition, the bill reduces the number of academic excellence higher education scholarships that may be awarded in an academic year to one scholarship for each high school with an enrollment of at least 300 pupils but less than 1,500 pupils, to two scholarships for each high school with an enrollment of 1,500 or more pupils, and to not more than 70 scholarships statewide for high schools with enrollments of less than 300 pupils. The bill, however, does not affect the scholarships for schools operated by the WCBVI or the WESPDHH.

Finally, the bill requires a pupil to have a grade point average of at least 3.500 and a score of at least 30 on the American college test (commonly referred to as the "ACT test") in order to qualify for an academic excellence higher education scholarship. The bill, however, does not apply those grade point average and ACT test score requirements to a pupil of a school operated by the WCBVI or the WESPDHH.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

---

***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

1           SECTION 1. 39.41 (1m) (a) 1. of the statutes is amended to read:

2           39.41 (1m) (a) 1. For each high school with an enrollment of at least 80 300  
3           pupils but less than ~~500~~ 1,500 pupils, designate the senior with the highest grade  
4           point average in all subjects, but not less than 3.500 or the equivalent, and with a  
5           score of at least 30 on the American college test as a scholar. If the senior with the  
6           highest grade point average in all subjects does not have a score of at least 30 on the  
7           American college test, the school board or governing body shall designate the senior  
8           with the next highest grade point average in all subjects, but not less than 3.500 or  
9           the equivalent, and with a score of at least 30 on the American college test as a  
10          scholar.

11          SECTION 2. 39.41 (1m) (a) 2. of the statutes is repealed.

12          SECTION 3. 39.41 (1m) (a) 3. of the statutes is repealed.

**SECTION 4**

**SECTION 4.** 39.41 (1m) (a) 4. of the statutes is repealed.

**SECTION 5.** 39.41 (1m) (a) 5. of the statutes is amended to read:

39.41 (**1m**) (a) 5. For each high school with an enrollment of ~~2,000~~ 1,500 or more pupils, designate the ~~5- 2~~ seniors with the ~~5- 2~~ highest grade point averages in all subjects, but not less than 3.500 or the equivalent, and with scores of at least 30 on the American college test as scholars. If any of the seniors with the highest grade point average in all subjects does not have a score of at least 30 on the American college test, the school board or governing body shall designate the senior with the next highest grade point average in all subjects, but not less than 3.500 or the equivalent, and with a score of at least 30 on the American college test as a scholar.

**SECTION 6.** 39.41 (1m) (a) 6. of the statutes is repealed.

**SECTION 7.** 39.41 (1m) (b) of the statutes is amended to read:

39.41 (**1m**) (b) Subject to par. (e), by February 25 of each school year, the school board of each school district operating one or more high schools and the governing body of each private high school and of each tribal high school may, for each high school with an enrollment of less than ~~80~~ 300 pupils, nominate the senior with the highest grade point average in all subjects, but not less than 3.500 or the equivalent, and with a score of not less than 30 on the American college test who may be designated as a scholar by the executive secretary under par. (c) 3. If the senior with the highest grade point average in all subjects does not have a score of at least 30 on the American college test, the school board or governing body shall nominate the senior with the next highest grade point average in all subjects, but not less than 3.500 or the equivalent, and with a score of at least 30 on the American college test for designation as a scholar.

**SECTION 8.** 39.41 (1m) (c) 3. of the statutes is amended to read:



1           39.41 (1m) (c) 3. Designate not more than ~~10~~ 70 seniors nominated under par.  
2           (b) as scholars.

3           **SECTION 9.** 39.41 (1m) (c) 4. of the statutes is amended to read:

4           39.41 (1m) (c) 4. For each public, private, or tribal high school with an  
5           enrollment of at least ~~80~~ 300 pupils, notify the school board of the school district  
6           operating the public high school or the governing body of the private or tribal high  
7           school of the number of scholars to be designated under par. (a).

8           **SECTION 10.** 39.41 (1m) (d) of the statutes is renumbered 39.41 (1m) (d) 1. and  
9           amended to read:

10          39.41 (1m) (d) 1. By February 25 of each school year, if 2 or more seniors from  
11          the same high school of at least ~~80~~ 300 pupils have the same grade point average and,  
12          except for the limitation on the number of designated scholars, are otherwise eligible  
13          for designation under par. (a), the faculty of the high school shall select the applicable  
14          number of seniors for designation under par. (a) as scholars and shall certify, in order  
15          of priority, any remaining seniors with the same grade point average and with scores  
16          of at least 30 on the American college test as alternates for the scholars or, if there  
17          is no remaining senior with the same grade point average and with a score of at least  
18          30 on the American college test, any remaining seniors with the next highest grade  
19          point average, but not less than ~~3.800~~ 3.500 or the equivalent, and with scores of at  
20          least 30 on the American college test as alternates for the scholars.

21          2. If a senior ~~from that high school~~ designated as a scholar under par. (a) does  
22          not qualify for a higher education scholarship under sub. (2) (a) or (3) (a), an alternate  
23          ~~for the scholar from the scholar's high school~~ with the same grade point average as  
24          any senior from that high school designated as a scholar under par. (a) and with a  
25          score of at least 30 on the American college test shall be eligible for a higher education

1 scholarship as a scholar under sub. (2) (a) or (3) (a) until the scholarship may be  
2 awarded by the board. If an alternate with the same grade point average as a scholar  
3 under par. (a) and with a score of at least 30 on the American college test does not  
4 qualify for a higher education scholarship under sub. (2) (a) or (3) (a), an alternate  
5 with the next highest grade point average, but not less than ~~3.800~~ 3.500 or the  
6 equivalent, and with a score of at least 30 on the American college test shall be  
7 eligible for a higher education scholarship as a scholar under sub. (2) (a) or (3) (a)  
8 until the scholarship may be awarded by the board.

9 **SECTION 11.** 39.41 (1m) (e) of the statutes is renumbered 39.41 (1m) (e) 1. and  
10 amended to read:

11 39.41 (**1m**) (e) 1. If 2 or more seniors from the same high school of less than 80  
12 300 pupils have the same grade point average and, except for the limitation of one  
13 nominated senior, are otherwise eligible for nomination under par. (b), the faculty of  
14 the high school shall select the senior who may be nominated by the school board of  
15 the school district operating the public high school or the governing body of the  
16 private or tribal high school for designation under par. ~~(b)~~ (c) 4. as a scholar by the  
17 executive secretary.

18 2. If ~~that a~~ senior is designated as a scholar by the executive secretary, ~~but~~  
19 under par. (c) 4. does not qualify for a higher education scholarship under sub. (2) (a)  
20 or (3) (a), the faculty of the high school shall select, in order of priority, one or more  
21 of the remaining seniors with the same grade point average and with a score of at  
22 least 30 on the American college test for certification as a scholar or, if there is no  
23 remaining senior with the same grade point average and with a score of at least 30  
24 on the American college test, one or more of the remaining seniors with the next  
25 highest grade point average, but not less than ~~3.800~~ 3.500 or the equivalent, and with

1 a score of at least 30 on the American college test for certification as a scholar, and  
2 the school board of the school district operating the high school or the governing body  
3 of the private or tribal high school shall certify to the board one or more of these  
4 seniors as eligible for a higher education scholarship as a scholar under sub. (2) (a)  
5 or (3) (a) until the scholarship may be awarded by the board.

6 **SECTION 12.** 39.41 (1m) (g) of the statutes is amended to read:

7 39.41 (1m) (g) Notwithstanding par. (a), if a high school of at least ~~80~~ 300 pupils  
8 closes or merges in the 1991-92 school year or in any school year thereafter, the  
9 school board of the school district operating the high school or the governing body of  
10 the private or tribal high school shall, subject to par. (d), for each of the 2 school years  
11 following the closure or merger, designate the same number of scholars from among  
12 the pupils enrolled in the high school at the time of closure or merger as the number  
13 of scholars designated for that high school in the school year the high school closed  
14 or merged. Any seniors designated under this paragraph shall be eligible for an  
15 original scholarship under this section.

16 **SECTION 13.** 39.41 (1m) (h) of the statutes is repealed.

17 **SECTION 14.** 39.41 (1m) (i) of the statutes is repealed.

18 **SECTION 15.** 39.41 (1m) (j) of the statutes is amended to read:

19 39.41 (1m) (j) ~~In the event that~~ If 2 or more seniors from the same high school  
20 of at least ~~80~~ 300 pupils have the same grade point average and are otherwise eligible  
21 for designation under par. (a), the school board of the school district operating the  
22 high school or the governing body of the private or tribal high school shall make the  
23 designation of the faculty of the high school for purposes of par. (d) ~~or~~ (i).

24 **SECTION 16.** 39.41 (2) (a) of the statutes is amended to read:

1           39.41 (2) (a) If a designated scholar under sub. (1m) is admitted to and enrolls,  
2   on a full-time basis, by September 30 of the academic year immediately following the  
3   school year in which the senior was designated a scholar, in an institution within the  
4   University of Wisconsin System or in a technical college district school that is  
5   participating in the program under this section, the scholar shall receive a higher  
6   education scholarship that exempts the scholar from 50 percent of all tuition and  
7   fees, including segregated fees, at the institution or district school for one year,  
8   ~~except that the maximum scholarship for a scholar who receives an original~~  
9   ~~scholarship for the 1996-97 academic year or for any academic year thereafter may~~  
10   ~~not exceed \$2,250 per academic year.~~

11           **SECTION 17.** 39.41 (2) (b) of the statutes is amended to read:

12           39.41 (2) (b) For each year that a scholar who receives a scholarship under par.  
13   (a) is enrolled full time, maintains at least a 3.000 grade point average, or the  
14   equivalent as determined by the institution or district school, and makes satisfactory  
15   progress toward an associate degree, a bachelor's degree, or a vocational diploma, the  
16   ~~student scholar~~ shall be exempt from 50 percent of all tuition and fees, including  
17   segregated fees, in the subsequent year or, if the scholar does not enroll in a  
18   participating institution of higher education in the subsequent year, in the 2nd year  
19   following the year in which the scholar received the scholarship, ~~except that the~~  
20   ~~maximum scholarship for a scholar who receives an original scholarship for the~~  
21   ~~1996-97 academic year or for any academic year thereafter may not exceed \$2,250~~  
22   ~~per academic year.~~ No scholar is eligible for an exemption for more than 4 years in  
23   the University of Wisconsin System or more than 3 years at a district school.

24           **SECTION 18.** 39.41 (2) (c) of the statutes is amended to read:

1           39.41 (2) (c) Subject to sub. (4), for each year ~~the student~~ that a scholar is  
2 exempt from tuition and fees under par. (a) or (b), the board shall pay the institution  
3 or district school, on behalf of the ~~student~~ scholar, an amount equal to ~~50%~~ 25 percent  
4 of the ~~student's~~ scholar's tuition and fees, ~~except that the maximum payment for a~~  
5 ~~student who receives an original scholarship for the 1996-97 academic year or for~~  
6 ~~any academic year thereafter may not exceed \$1,125 per academic year.~~

7           **SECTION 19.** 39.41 (3) (a) of the statutes is amended to read:

8           39.41 (3) (a) If a designated scholar under sub. (1m) is admitted to and enrolls,  
9 on a full-time basis, by September 30 of the academic year immediately following the  
10 school year in which the senior was designated a scholar, in a private institution of  
11 higher education that is located in this state and participating in the program under  
12 this section, the board shall pay the institution, on behalf of the ~~pupil~~ scholar, an  
13 amount equal to ~~50%~~ 25 percent of the tuition and fees charged a resident  
14 undergraduate at the University of Wisconsin-Madison in the same academic year;  
15 ~~except that the maximum payment for a pupil who receives an original scholarship~~  
16 ~~for the 1996-97 academic year or for any academic year thereafter may not exceed~~  
17 ~~\$1,125 per academic year.~~

18           **SECTION 20.** 39.41 (3) (b) of the statutes is amended to read:

19           39.41 (3) (b) For each year that a scholar who receives a scholarship under par.  
20 (a) is enrolled full time, maintains at least a 3.000 grade point average, or the  
21 equivalent as determined by the private institution, and makes satisfactory progress  
22 toward a bachelor's degree, the ~~student~~ scholar is eligible for a higher education  
23 scholarship as determined under par. (a) in the subsequent year or, if the scholar does  
24 not enroll in a participating institution of higher education in the subsequent year,  
25 in the 2nd year following the year in which the scholar received the scholarship. No

1 scholar is eligible for a higher education scholarship for more than 4 years at a  
2 private institution of higher education.

3 **SECTION 21.** 39.41 (3m) of the statutes is created to read:

4 39.41 (3m) (a) In addition to receiving a scholarship under sub. (2), if the  
5 scholar graduates from an institution within the University of Wisconsin System or  
6 a technical college district school with a bachelor's degree, an associate degree, or  
7 vocational diploma, the scholar may claim the credit under s. 71.07 (5p).

8 (b) In addition to receiving a scholarship under sub. (3), if the scholar graduates  
9 from a private institution of higher education located in this state with a bachelor's  
10 degree, an associate degree, or vocational diploma, the scholar may claim the credit  
11 under s. 71.07 (5p).

12 **SECTION 22.** 71.07 (5p) of the statutes is created to read:

13 71.07 (5p) ACADEMIC SCHOLARSHIP TAX CREDIT. (a) *Definitions.* In this  
14 subsection:

15 1. "Claimant" means an individual who files a claim under this subsection, who  
16 has received a scholarship under s. 39.41 (2) or (3), and who has graduated from the  
17 institution or school with regard to which he or she received the scholarship, as  
18 described in s. 39.41 (3m) (a) or (b).

19 2. "Eligible amount" means 50 percent of all tuition and fees, including  
20 segregated fees, that would have been charged to a single full-time student by the  
21 institution or school attended by an individual who received a higher education  
22 scholarship under s. 39.41 (2) for the years in which the individual received the  
23 scholarship under that subsection, or 50 percent of all tuition and fees charged a  
24 single full-time resident undergraduate at the University of Wisconsin-Madison for  
25 the years in which an individual who received a scholarship under s. 39.41 (3)

1 attended a private institution of higher education located in this state for the years  
2 in which the individual received the scholarship under that subsection.

3 (b) *Filing claims.* Subject to the conditions and limitations provided in this  
4 subsection, a claimant may claim as a credit against the tax imposed under s. 71.02,  
5 up to the amount of those taxes, one-fifth of an eligible amount in the taxable year  
6 which immediately follows the year in which the individual graduates, as described  
7 in s. 39.41 (3m) (a) or (b), and an additional one-fifth of an eligible amount in each  
8 of the next 4 successive taxable years.

9 (c) *Conditions and limitations.* 1. No individual may file a claim under this  
10 subsection unless he or she submits to the department with his or her tax return, on  
11 a form prepared by the department, information regarding the calculation of that  
12 individual's eligible amount.

13 2. No individual may file a claim under this subsection unless he or she was a  
14 full-year resident of this state in the year to which the claim relates, and the majority  
15 of the wages he or she earned during the year to which the claim relates were earned  
16 in this state.

17 3. No credit may be allowed under this subsection unless it is claimed within  
18 the period specified under s. 71.75 (2).

19 4. No individual may file a claim under this subsection for any taxable year  
20 other than the taxable year that begins immediately after the taxable year in which  
21 the claimant graduates from the institution or school with regard to which he or she  
22 received the scholarship, as described in s. 39.41 (3m) (a) or (b), and the next 4  
23 successive taxable years.

24 (d) *Administration.* Subsection (5m) (d), as it applies to the credit under that  
25 subsection, applies to the credit under this subsection.

**SECTION 23.** 71.10 (4) (cs) of the statutes is created to read:

**71.10 (4) (cs) Academic scholarship tax credit under s. 71.07 (5p).**

**SECTION 24. Initial applicability.**

(1) **ACADEMIC EXCELLENCE HIGHER EDUCATION SCHOLARSHIPS.** The treatment of section 39.41 (1m) (a) 1., 2., 3., 4., 5., and 6., (b), (c) 3. and 4., (d), (e), (g), (h), (i), and (j), (2) (a), (b), and (c), (3) (a) and (b), and (3m) of the statutes first applies to students who enroll in an institution within the University of Wisconsin System, a technical college district school, or a private institution of higher education in the 2015–16 academic year.

(2) **ACADEMIC SCHOLARSHIP TAX CREDIT.** The treatment of section 71.07 (5p) first applies to taxable years beginning after December 31, 2016.

**(END)**



## **Rose, Stefanie**

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**From:** Soper, John  
**Sent:** Tuesday, January 28, 2014 10:32 AM  
**To:** LRB.Legal  
**Subject:** Draft Review: LRB -3418/1 Topic: Academic excellence scholarships; amount of scholarships; number of scholarships to be awarded; eligibility criteria for scholarships

Please Jacket LRB -3418/1 for the ASSEMBLY.